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C O N F I D E N T I A L SECTION 01 OF 04 BAKU 001407

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SUBJECT: FM MAMMADYAROV DISCUSSES STRONG U.S.-AZERBAIJAN  
TIES, ENERGY AND REGIONAL ISSUES WITH DEPUTY EUCOM GENERAL  
WARD

REF: BAKU 1316

Classified By: Ambassador Anne E. Derse per 1.4 (b,d).

11. (C) SUMMARY: In a September 21 meeting with the Ambassador and visiting Deputy EUCOM Commander General Ward, Azerbaijani Foreign Minister Mammadyarov discussed the strength of U.S.-Azerbaijan relations and the Government of Azerbaijan's steady progress on democratic reform. Mammadyarov praised U.S. assistance to Azerbaijan, noting the country's "difficult neighborhood." General Ward raised the importance of Azerbaijan's UN vote regarding Venezuela and Guatemala and told Mammadyarov bluntly that bilateral relations would suffer if Azerbaijan voted for Venezuela. FM Mammadyarov appeared to get the message. Mammadyarov told Ward that Azerbaijan needed to be part of NATO -- "joining the big club is our long-term foreign policy objective" -- but that it also needed to do "more homework" regarding NATO and to prepare the population regarding NATO membership. Mammadyarov told Ward that Armenia needed to cooperate and work with Azerbaijan to find peace. If it did not, however, Mammadyarov warned that Azerbaijan could take military action to resolve the impasse. Ward cautioned that peaceful negotiation through diplomacy was the only path. Mammadyarov briefed on Azerbaijan's relations with Russia and Iran, noting that both Iran and Azerbaijan are competing for similar energy resources in the Caspian Sea. Mammadyarov expressed concern that Iran could provoke a conflict over the disputed Alov field to distract attention from its nuclear programs. END SUMMARY.

U.S.-AZERBAIJAN BILATERAL RELATIONS

12. (C) During a September 21 meeting with the Ambassador and Deputy Commander of USEUCOM, General Ward, Azerbaijani Foreign Minister Elmar Mammadyarov discussed the continuation of strong U.S.-Azerbaijan relations, NATO, energy, Iran, Russia and other regional issues. Mammadyarov stated that General Ward's meeting with President Aliyev the previous day had been "successful." Ward told Mammadyarov that he appreciated the president's efforts to manage and use Azerbaijan's energy resources. Mammadyarov told Ward that Azerbaijan's priorities included continuing integration

efforts in the Euro-Atlantic alliance and European sphere. He said that these efforts were key to the country's national security and for stable development. Mammadyarov noted that as a secular, Muslim country, Azerbaijan's cooperation with the U.S. was extremely important. Mammadyarov stated that President Aliyev had a good visit to Washington in April, including meetings at the Pentagon. He reinforced the importance of the U.S.-Azerbaijan relationship and that the two country's were "standing on the same line."

#### ENERGY RELATIONS

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¶3. (C) Mammadyarov told General Ward that the Baku-Tbilisi-Ceyhan oil pipeline had recently been completed and would eventually pump more than 1 million barrels of oil per day. In addition, Azerbaijan would finish the Shah Deniz natural gas pipeline in the fall. Regarding the export of Azerbaijani natural gas to Europe, Mammadyarov felt that Washington is more understanding than the EU. Mammadyarov indicated that U.S. support is critical to securing Azerbaijani gas to Europe. Mammadyarov raised the Kars-Akhalkalaki-Baku railroad and its importance as a follow-on to the pipelines and its significance in linking Europe, the Caucasus and Central Asia. General Ward told Mammadyarov that Azerbaijan's pipelines reinforced the country's stability.

#### AZERBAIJAN'S DEMOCRATIC PROCESS

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¶4. (C) Mammadyarov stated that Azerbaijan's friends needed to have patience with the country's development "processes." He

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noted that the GOAJ has much work to do to prepare the population and that he appreciated the U.S.'s support on Azerbaijan's democratic development. He emphasized that Azerbaijan has made steady progress on its democratic reforms, noting the country's cultural and regional values. Ward said that how the government handled its efforts to inform and develop the population was important in ensuring long-term stability. Mammadyarov stated that President Aliyev took a strategic view concerning investing in the country's energy revenues, and also wanted to develop the country's human capital through investing in education. He noted that First Lady Mehriban Aliyeva - through the Heydar Aliyev Foundation - was active in building new schools. In addition, the government had plans to connect the country's 4,500 schools to the Internet by 2008. Mammadyarov reiterated that Azerbaijan is making steady progress and would have to invest time and money to modernize the country.

#### U.S.-AZERBAIJAN MILITARY COOPERATION

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¶5. (C) Mammadyarov raised the importance of developing Azerbaijan's military and stated that Azerbaijan wanted to send more military officers to the U.S. for language and other training. He highlighted the value of international training for Azerbaijani military officers. Mammadyarov said that Azerbaijan hopes there will be a full repeal of the section 907 sanctions, adding that Azerbaijan understands that the annual waiver of sanctions can always be in "peril." Mammadyarov highlighted the need for the U.S. to work with Armenia and others to ensure that they are the "winners and not losers." Mammadyarov stated that the Ministry of Defense will continue the military-to-military relationship with the U.S., noting its importance to Azerbaijan's national security strategy.

#### UNSC VENEZUELA AND GUATEMALA

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¶6. (C) General Ward raised with Mammadyarov the importance of securing Azerbaijan's vote at the UN in favor of Guatemala

and not Venezuela for a rotating seat on the UN Security Council. Ward said that if Azerbaijan voted for Venezuela, the U.S.-Azerbaijan relationship will suffer. From his facial expression, Minister Mammadyarov appeared to get the message, and he noted that of all the Ministers dealing with this issue, he "had the toughest job." (NOTE: Regarding the Venezuela/Guatemala UNSC issue, the GOAJ had in fact long ago traded its vote to Venezuela in exchange for Venezuela's vote for Azerbaijan for the new Human Rights Council. Venezuela did in fact vote for Azerbaijan for the Human Rights Council and as such the FM said Azerbaijan felt "honor-bound" to vote for Venezuela on this issue. (REFTEL). We continue to press Aliyev to suport Guatemala.

#### CASPIAN SEA, IRAN AND RUSSIA

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¶7. (C) Mammadyarov noted that Azerbaijan is keen to exploit the energy resources in the Caspian Sea. He added that Azerbaijan had agreed on Caspian delimitation with Russia and Kazakhstan. Discussions with Turkmenistan had gone nowhere and would be paused until a later time. Mammadyarov stated that the BTC pipeline had capacity for 1.75 million barrels of oil per day and that Azerbaijan's energy resources could play a stabilizing role in international markets. Mammadyarov said that the Russians are using gas as political pressure, and therefore it is good that Azerbaijan is developing its domestic gas supplies.

¶8. (C) Mammadyarov said that the Russians have told Azerbaijan that if Azerbaijan supplies Georgia with Russian gas, Russia will cut off all gas supplies to Azerbaijan. Mammadyarov stated that the country's energy supplies play a critical role in Azerbaijan's economic development, noting the 36 percent GDP growth rate. Mammadyarov said that negotiations with Gazprom were continuing, adding that

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Gazprom had unexpectedly raised gas rates despite a contract with Azerbaijan. Mammadyarov stressed energy supplies should not be made a political issue for short-term gains and that Russia needs to see the long-term interests. General Ward stated that as Azerbaijan moves forward, its coalition building efforts will be critical to counter these kinds of "threats," noting the need for intense political will. Mammadyarov commented that Russia needed to be sent a message regarding its treatment of former Soviet republics.

#### AZERBAIJAN-ARMENIA RELATIONS

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¶9. (C) Turning to the conflict with Armenia, Mammadyarov stated that Armenia would be "stronger" if it joined Azerbaijan. Azerbaijan has taken this message to Armenia but President Kocharian is not in a position to make a deal. Mammadyarov noted that Armenia has to realize that the world "has changed." Mammadyarov stressed the importance of Armenia getting educated and receiving the message that it should "join the club." He added that the GOAJ feels tremendous amount of political and social pressure to assist Azerbaijan's internally displaced persons and to eliminate tent camps.

¶10. (C) Mammadyarov stated that as Azerbaijan becomes more wealthy and stable, the population's mood will change. He stated that Azerbaijan could resolve its conflict with Armenia unilaterally by military force. He added that this prospect "scared him." Ward stressed that only a fair, negotiated diplomatic solution would ensure long-term regional stability. Mammadyarov agreed and noted that the international community needed to send the same message to Armenia, stating that Armenia needed to "catch the train or it will be hard." Mammadyarov briefed Ward on the GUAM group's effort to promote regional stability. Ward praised Azerbaijan's role in GUAM and stated that Azerbaijan's progress toward NATO accession would reinforce the group's

efforts.

AZERBAIJAN-NATO  
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¶11. (C) Mammadyarov told Ward that Azerbaijan needed to be part of NATO -- "joining the big club is our long-term foreign policy objective" -- but that it also needed to do "more homework" regarding NATO and to prepare the population regarding NATO membership. In addition, Mammadyarov stated that Azerbaijan would hold a referendum vote on NATO membership with Azerbaijani citizens' support. Mammadyarov stressed the need "to prepare the population" on eventual NATO membership.

REGIONAL CONCERNS - IRAN  
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¶12. (C) Mammadyarov said that Iran remains a concern and we are "working every day on NK and Iran, even more than the U.S.," adding that Azerbaijan is "sandwiched" in a tough neighborhood. He added that Azerbaijan had good relations with Iran during the previous Khatami government, citing the long discussions with the Government of Iran that eventually led to the opening of an Azerbaijani consul general in the northern Iran city of Tabriz, which Mammadyarov called "Southern Azerbaijan." Mammadyarov also explained that Iran helped Azerbaijan by opening a land route to the exclave of Nakhchivan. Mammadyarov noted that the Azeri-Iranians in Iran was an important bilateral issue and that Iran takes a careful approach to Azerbaijan on this issue.

¶13. (C) Mammadyarov stated that the GOAJ continues to work closely with Iran's new President Ahmedinejad and that the leadership of the Iranian-Azerbaijani Intergovernmental Commission had recently been transferred from the respective Ministries of Economy to the Ministries of Foreign Affairs. Mammadyarov noted that this shift indicates that the Iran wants to shift the dialogue to more political issues.

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¶14. (C) Turning to Iran's activities in the Caspian Sea and the disputed area around the Alov field, Mammadyarov said that this was a particular concern of the GOAJ. He explained the discussions regarding delimitation with the other Caspian Sea countries and said that Iran and Azerbaijan had not yet been able reach an agreement. Mammadyarov noted that Iran appeared to be changing its attitude on the issue and that Azerbaijan and Iran will continue negotiating. In the meantime, they had agreed neither country will exploit energy resources in the disputed area, according to Mammadyarov. Mammadyarov stated that Iran's activities in the Alov field may be an attempt to distract the international community from the nuclear issue by involving different parties.

¶15. (C) Regarding the nuclear issues, Mammadyarov stated that Azerbaijan has told Iran it must resolve the dispute by diplomatic means. General Ward said that it was good to reinforce this message. At the end of the meeting, Mammadyarov stated that Azerbaijan is ready for increased U.S. cooperation.

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